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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91176791
Party	Defendant MATTEL, INC.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application Serial No. 78/751,105
Published for Opposition in the OFFICIAL GAZETTE on December 12, 2006

UMG RECORDINGS, INC.

Opposition No.: 91176791

Opposer

v.

MATTEL, INC.

Applicant

APPLICANT MATTEL, INC.'S REPLY IN SUPPORT OF COUNTERCLAIM

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I. INTRODUCTION

Despite Opposer's attempts to twist the facts and the law in its Reply Brief, the *only questions* before the Board in this proceeding remain: (1) whether reasonably prudent purchasers are likely to be confused that Applicant's HOT WHEELS toy cars bearing the mark MOTOWN METAL somehow originate from, are associated with, or are endorsed by Opposer; and (2) whether Applicant's use of its mark will dilute Opposer's mark. Only if the Board answers the first question in the affirmative need it consider Applicant's counterclaim to restrict Opposer's registrations for its MOTOWN mark. Applicant respectfully submits that there is no need for the Board to even address its counterclaim because the evidence and authority unquestionably support a finding of *no likelihood of confusion* here. But assuming for the sake of argument that Opposer carries its burden, and the Board finds that Opposer has proven a likelihood of confusion, such likelihood of confusion would be avoided if the Board restricted Opposer's registrations to preclude use in connection with toys, games, and playthings, namely toy vehicles and accessories therefor. Contrary to Opposer's spurious arguments, Applicant is clearly entitled to such relief if the Board finds a likelihood of confusion.

II. ARGUMENT

A. Applicant Has Standing to Assert the Counterclaim

Opposer's argument that "[f]irst, to the extent that the Board finds for Opposer, Applicant lacks standing to bring its counterclaim" is specious. (Opposer's Reply Brief, p. 22.) It is beyond dispute that Applicant has standing to assert its counterclaim, regardless of whether the Board finds for Opposer: Applicant is a defendant in an opposition proceeding before the Board.¹

¹ Throughout Opposer's Trial Brief ("OTB") and Reply Brief, Opposer attempts to improperly shift the burden to Applicant to "justify" its mark, prove that it is entitled to registration, and prove that it is not confusingly similar to Opposer's mark. This, of course, is exactly backward. At all times, it is *Opposer*, as the plaintiff and instigator of the opposition, who bears the burden of proving to the Board

“A counterclaimant’s standing to cancel a pleaded registration *is inherent in its position as defendant in the original proceeding.*” TBMP § 309.03(b) (emphasis added) (citing *Ohio State University v. Ohio University*, 51 U.S.P.Q.2d 1289, 1293 (T.T.A.B. 1999); *Ceccato v. Manifattura Lane Gaetano Marzotto & Figli S.p.A.*, 32 U.S.P.Q.2d 1192, 1195 n.7 (T.T.A.B. 1994); *Syntex (U.S.A.) Inc. v. E.R. Squibb & Sons Inc.*, 14 U.S.P.Q.2d 1879, 1881 (T.T.A.B. 1990); *Bankamerica Corp. v. Invest America*, 5 U.S.P.Q.2d 1076, 1078 (T.T.A.B. 1987); *General Mills, Inc. v. Natures Way Products*, 202 U.S.P.Q. 840, 841 (T.T.A.B. 1979) (counterclaimant’s position as defendant in opposition gives him personal stake in controversy). See also TBMP § 313.03 (“[A] counterclaimant need not plead its standing to assert a counterclaim to cancel a registration pleaded by the plaintiff in its complaint. The counterclaimant’s standing in such a case is inherent in its position as defendant to the complaint.”).

Opposer’s “authority” for its argument that Applicant lacks standing to assert a counterclaim is utterly inapplicable and is another example of Opposer twisting logic and case law to suit its needs. In *Geraghty Dyno-Tuned Prods., Inc. v. Clayton Mfg. Co.*, 190 U.S.P.Q. 508, 551 (T.T.A.B. 1976), the Board held that the petitioner lacked standing to cancel the respondent’s marks because the petitioner was using its mark in *illegal activities*, namely shipping illegal car engine modification kits that violated state and federal laws. The Board stated that “the Patent and Trademark Office has consistently held that the use of a mark in

that Applicant’s mark is *not* entitled to registration. If Opposer fails to prove a *probability of confusion* (*Am. Steel Foundries v. Robertson*, 269 U.S. 372 (1926)) by a *preponderance of the evidence*, Opposer fails to carry its burden, and the opposition must be denied. See *Life Zone Inc. v. Middleman Group, Inc.* 87 U.S.P.Q.2d 1953, 1959 (T.T.A.B. 2008) (“In an opposition, the opposer bears the burden of proving by a preponderance of the evidence a substantive ground for refusal to register the subject trademark. In a likelihood of confusion case under Trademark Act § 2(d), this burden requires an opposer to prove that it has some prior trademark right and that applicant’s mark is likely to cause confusion with that trademark.”).

connection with unlawful shipments does not give rise to rights in the mark that may be recognized.” *Id.* Accordingly, the Board held “[s]ince we accord no recognition to any trademark rights of petitioner, it follows that petitioner has failed to demonstrate that it will be damaged by the maintenance on the register of respondent’s registrations, wherefore petitioner has no standing.” Opposer quoted only this sentence in citing *Geraghty*. (Opposer’s Reply Brief, p. 22.)

A finding for Opposer in this proceeding does not mean that Applicant has no trademark rights in its MOTOWN METAL mark and therefore no standing to maintain its counterclaim. An opposition proceeding does **not** determine whether an applicant has “trademark rights” in a mark; it only determines whether or not a mark is entitled to registration on the Principal Register. *See* J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (4th ed. 2009), § 20:13 (“On the merits of an opposition proceeding, the ultimate issue is whether the applicant does have, in fact, the exclusive right to use of the mark sufficient to qualify for federal registration.”) (hereafter “McCarthy”).

It cannot be disputed that Applicant has rights in the MOTOWN METAL mark through its use of the mark in commerce. *See id.*, § 16:1 (“it is not registration, but only actual use of a designation as a mark that creates rights and priority over others”). Nor was there anything illegal about Applicant’s sale of the MOTOWN METAL toy cars. Opposer thus cannot claim that Applicant would lack standing to bring its counterclaim if the Board finds for Opposer in this proceeding. Such a finding would **not** be the equivalent of the Board “accord[ing] no recognition to any trademark rights” to Applicant. By virtue of its status as a defendant in this opposition proceeding, Applicant has standing to assert its counterclaim.²

² Applicant would have standing to assert its counterclaim even if, as Opposer argues, Applicant used its mark descriptively. This is not the case, but for purposes of standing to assert a counterclaim,

B. Applicant Is Entitled to Bring Its Counterclaim to Avoid a Likelihood of Confusion

Opposer next claims that “seven of Opposer’s MOTOWN trademark registrations on the Principal Register are over five years old” and are therefore immune from a counterclaim to cancel or limit them. (Opposer’s Reply Brief, p. 22.) This argument flatly misstates the law. As the Board has articulated in the Trademark Trial and Appeal Board Manual of Procedure:

A petition to partially cancel a registration by restricting the goods or services in a particular manner in terms of type, use, channels of trade, etc., in order to avoid a likelihood of confusion can be made against registrations over 5 years old as well as those less than 5 years old. Such claim is in the nature of an equitable remedy and does not constitute an attack on the validity of a registration.

TBMP §309.03(d). *See also id.* § 313.01 (“A counterclaim to partially cancel a registration by restricting the manner of use of the goods or services therein in order to avoid a likelihood of confusion is in the nature of an equitable remedy and does not constitute an attack on the validity of a registration.”); *Eurostar Inc. v. “Euro-Star” Reitmoden GmbH & Co. KG*, 34 U.S.P.Q.2d

“‘damage’ is presumed or inferred if [Applicant] has a sufficient interest in using the descriptive term in its business.” McCarthy § 20:50. Thus, even if Applicant sought to use MOTOWN METAL to describe Detroit, Applicant would still have standing to assert its counterclaim. But Applicant’s mark is *not* descriptive. First, the mark at issue is MOTOWN METAL, not MOTOWN, and Opposer’s argument is premised on an impermissible dissection of Applicant’s mark. *See Estate of P.D. Beckwith, Inc., v. Comm’r of Patents*, 252 U.S. 538, 545-46 (1920) (“The commercial impression of a trademark is derived from it as a whole, not from its elements separated and considered in detail.”); *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 28 U.S.P.Q.2d 1641 (9th Cir. 1993) (“the validity and distinctiveness of a composite trademark is determined by viewing the trademark as a whole, as it appears in the marketplace”). Second, while “Motown” is descriptive of Detroit, “Motown Metal” is not descriptive of any product, service, or place beyond—arguably—a foundry located in Detroit. MOTOWN METAL simply does not describe Applicant’s toy cars.

While arguing that Applicant uses MOTOWN descriptively and thus “eviscerates its own case,” (OTB p. 2), Opposer also argues (in a footnote) that Applicant made “material and knowingly false” “misrepresentations” to the Patent and Trademark Office (“PTO”) in connection with its Application when it stated to the PTO that “the mark [MOTOWN METAL] has no relevant significance other than significance as a trademark.” (OTB p. 2, n.1.) This belated, outrageous claim is false. Applicant stated that its mark had no relevant significance beyond trademark significance. (Response to Office Action, September 15, 2006.) This statement was true then and remains true now. MOTOWN METAL is not descriptive of Applicant’s products, despite Opposer’s increasingly desperate attempts to argue otherwise.

1266, 1271 n.3 (T.T.A.B. 1994) (“the Board has authority under Section 18 to limit the goods and services of registrations over five years old, as well as those less than five years old.”).

Through its counterclaim, Applicant only seeks to limit or restrict Opposer’s registrations to exclude toys, games, and playthings, namely toy vehicles and accessories therefor. Applicant does not seek to cancel any of Opposer’s MOTOWN registrations. Applicant’s counterclaim alleges that “[t]o the extent [Opposer] has valid registrations for the marks MOTOWN and/or MOTOWN and Design in International Class 28 (which [Applicant] denies), a finding of likelihood of consumer confusion (if any) will be avoided by entry of *limitation and/or restriction* on [Opposer’s] MOTOWN and MOTOWN and Design marks to preclude use in connection with any type of toy vehicle or accessories.” (Applicant’s Answer to Amended Opposition; Counterclaim to Cancel and/or Limit Trademark Registrations, ¶ 28 (emphasis added).)³ The fact that some of Opposer’s MOTOWN registrations may be older than five years is irrelevant to the validity of Applicant’s counterclaim.

C. Applicant Is Entitled to the Restriction Sought in Its Counterclaim If the Board Finds a Likelihood of Confusion

Finally, Opposer argues that Applicant cannot prevail on its counterclaim because “Opposer has submitted extensive evidence that it is using its MOTOWN Marks in connection

³ Opposer admits that it has no registrations for MOTOWN in International Class 28, for “toys, games, or playthings,” or for “toy vehicles and accessories therefor.” (See OTB, pp. 14-15 and n.3; Answer to Amended Counterclaim to Cancel and/or Limit Trademark Registrations (“Answer to Counterclaim”), ¶ 4.) Opposer also admits that it has made no use of MOTOWN in connection with toy vehicles or accessories therefor. (See Opposer’s Amended Notice of Opposition, Attachment B; Answer to Counterclaim, ¶ 6; Opposer’s response to Applicant’s Interrogatories Nos. 2 and 8; Opposer’s Response to Applicant’s Request for Admission No. 10.) Opposer is thus forced to argue that its alleged use of MOTOWN in connection with “toys” in general precludes Applicant’s use of MOTOWN METAL in connection with toy cars. As the evidence summarized in Applicant’s Trial Brief (“ATB”) amply demonstrates, however, Opposer has made no use of its mark in that sphere. Because Opposer has no *relevant* trademark rights on which to base its opposition, it should be denied. The relief sought by Applicant’s counterclaim is merely in the nature of an equitable remedy to the extent Opposer has or seeks registrations for MOTOWN in connection with toys, games, or playthings.

with toys, games, and playthings, the field of goods in Applicant’s application.” (Opposer’s Reply Brief p. 22.) Applicant maintains, however, that the evidence unequivocally shows that Opposer has made ***no use*** of MOTOWN in connection with toys; the goods that Opposer claims bear its MOTOWN mark are not “toys.” (*See* ATB pp. 16-18.)

This is a question of fact for the Board. If the Board finds a likelihood of confusion between Applicant's goods bearing the MOTOWN METAL mark and Opposer's goods bearing the MOTOWN mark, the Board must then determine if Opposer is in fact using its mark in connection with the goods Applicant seeks to exclude—namely, toy vehicles and accessories therefor. *Eurostar*, 34 U.S.P.Q.2d at 1271. Because Opposer has admitted that it makes no such use, the Board should enter the requested restriction if the Board finds a likelihood of confusion.

III. CONCLUSION

Applicant's use of its trademark is not likely to cause confusion with or dilute Opposer's mark. The Opposition should be rejected. If, however, the Board finds a likelihood of confusion between the marks, such a likelihood of confusion would be avoided by restricting Opposer's marks as to toys or toy vehicles.

DATED: March 29, 2010

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing Reply in Support of Counterclaim has been served on counsel for Opposer UMG Recordings, Inc., both personally and through ESTTA, on March 29, 2010.

/crf/
Chad R. Fitzgerald